



Exposing the Top 5 Myths about Outsourcing Benefits Administration

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INTRODUCTION

More and more employers are exploring automated solutions to address the increasingly complex challenges of administering their employee health and welfare benefits programs.

Today, 6 in 10 employers feel overwhelmed by the increasing complexity of their benefits program management.¹ However, some HR teams hesitate outsourcing these functions due to five common myths and misconceptions:

- 1. It's too expensive to outsource benefits administration.**
- 2. Our benefit plans are too complicated for automated benefits administration.**
- 3. Outsourcing doesn't fit our culture.**
- 4. Outsourcing will lead to downsizing.**
- 5. No outsourced call center will be able to handle our employees' questions.**

*At-A-Glance Guide from
Empyrean Benefit Solutions*

This At-a-Glance examines the top five myths around benefits administration outsourcing, to help you make a more informed decision about what solution is the right fit for your organization.



Myth 1: It's too expensive to outsource benefits administration; *we don't have the budget to support it.*

The movement towards benefits administration outsourcing remains prevalent, with about 3 in 4 employers now outsourcing at least one benefits administration function.¹ With limited staff and shrinking budgets, these employers are seeking the most efficient and effective ways to leverage the expertise of outsourcing providers without breaking the bank.

Instead of a “one-size-fits-all” approach, modern benefits administration providers offer a range of service options to help meet an employer’s goals, needs, and budget. This approach typically includes separate pricing for call center services as well as the itemization of support services. These support services may include open enrollment, COBRA, HSA and FSA administration, qualifying events, direct billing, and Affordable Care Act (ACA) reporting. In addition, a flexible benefits administration vendor will provide options that enable HR teams to keep some administrative tasks in-house if desired.

If a provider cannot adapt their solution to focus on your service and budget goals, consider broadening your vendor search.

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Myth 1: It's too expensive to outsource benefits administration, *Cont'd.*

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Employers who choose to insource these functions often find that their internal resources are quickly drained by this one area's demands, and that other business-building priorities are sidetracked as a result.

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Myth 2: Our benefit plans are too complicated for automated benefits administration.

Many employers' benefits administration must take into account unique eligibility rules, grandfathered plans, union workers, and other accommodations. Automating complex rules that are difficult to define can seem daunting at first, if not impossible. However, the right benefits administration provider will utilize and configure a rules-based platform to organize your workforce into the appropriate "buckets" and tailor benefits communications and eligibility to each group or individual as required.

Rather than simply maintaining the status quo and automating potentially non-optimal or outdated processes, working with outside professionals with deep expertise provides a fresh opportunity to examine your current administrative processes and workflows against industry best practices. As you start to define your business requirements, you will likely discover ways to simplify and streamline the tasks your benefits team is performing today. This will give you more flexibility down the road to respond to changes in regulatory requirements, your benefit offerings, and your workforce's demographics in the event of rapid growth, downsizing, mergers, or acquisitions.

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Myth 3: Outsourcing *doesn't fit our culture.*

Whether you are contemplating full outsourcing or *co-sourcing* (keeping some administrative tasks in-house), it's important to look for a partner that will serve as an extension of your own HR Benefits team. Your partner should share your company's values, respect your employees and corporate culture, and be willing to learn about your business, workforce, and unique needs in order to provide your organization with the right solutions and service.

Any benefits administration provider you consider should include a "cultural immersion" exercise in its implementation plan. Such an exercise gives both you and your provider the opportunity to get to know each other better. Though length and format may vary, cultural immersion training is one of the best ways for you to share your unique corporate identity, what's most important to your workforce and strategy, and how you expect employees to be treated by your benefits administration partner's team. This ensures that your partner's solution adapts and tailors to your company's culture and provides a seamless outsourcing experience.

Some clues that you have found a provider that fits:

1. Your outsourced administration team will feel like your own.
2. You are confident your employees will have an exceptional benefits experience.
3. Your benefits administration team has demonstrated that they have the knowledge and experience to make sure the transition goes smoothly.



Myth 4: Outsourcing will lead to downsizing, and some of us will lose our jobs!

While outsourcing can alleviate many of the burdens surrounding your benefits administration, it is not intended to eliminate the human element of your organization's HR and benefits team. Companies will always need internal resources to manage any HR outsourcing relationship and interact with the provider on a day-to-day basis.

As every HR leader knows, benefits administration has many moving and evolving parts. Therefore, there will always need to be experts within your HR team that can provide feedback and relay any strategic, organizational, or program changes to your outsourcing partner.

It is also important to note that most HR departments have seen their workload increase dramatically given the complex reporting and regulatory demands of health care reform, including the ACA. Yet, in most cases, staff has not been added to help manage these additional responsibilities. On the contrary, many employers are challenged to do more with fewer resources.

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Myth 4: Outsourcing will lead to downsizing, *Cont'd.*

As a result, HR teams are seeking outside support to help manage their ongoing responsibilities most accurately and efficiently — and ensure employees have the best possible benefits experience.

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Myth 5: No outsourced call center will be able to handle *our employees' questions*.

Today, best-in-class call centers come with state-of-the-art call tracking systems, sophisticated decision support tools and robust resource libraries—along with highly-trained customer service professionals. However, every company's benefits offering is unique, so it's critical that your outsourcing partner dedicates the resources necessary to expertly address your specific benefits offering, instead of funneling your employees through a generic call center.

Your provider should assign an in-house and dedicated customer service team to serve your employees, whose members become experts on your company's benefit plans, strategy, workforce, and culture. Leveraging a dedicated team ensures that your employees receive high-caliber service that is tailored to resolve their specific questions and issues – while enabling your own internal team to stay focused on its business-critical priorities.

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Myth 5: No outsourced call center will be able to handle *our employees' questions, Cont'd.*

Here are several key questions to ask when evaluating a potential partner's call center services:

- Are all calls recorded? You and your staff should have the ability to review actual calls to ensure that responses from customer service representatives (CSRs) are accurate and meet your quality standards.
- Is voicemail available for employees to leave a message after call center hours or when wait times are longer than usual?
- Can CSRs add full and specific notes to a call summary, instead of using a series of limited internal codes to describe the encounter?
- What phone features will be available? Do CSRs have access to call conferencing, call hold, and blind/warm transfers to third-parties? What is the limit on the number of concurrent calls that can be handled?
- When CSRs are busy, how will wait times be tracked and how will calls be prioritized?

Leveraging a dedicated team ensures that your employees receive high-caliber service that is tailored to resolve their specific questions and issues – while enabling your own internal team to stay focused on its business-critical priorities.



Myth 5: No outsourced call center will be able to handle *our employees' questions, Cont'd.*

Key Questions to Ask, cont'd.

- How will employee satisfaction be measured and shared with your company?
- How are CSRs hired? How are they trained and evaluated on an ongoing basis? What types of incentives do they receive for call volume and service excellence? What is the turnover rate among CSRs?
- What types of metrics can your company expect to receive regarding call volumes, call topics and call wait times? Will specific information be available around issue resolution, turnaround time, escalation, and hand-offs?

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How will outsourcing your benefits administration *help you?*

A growing number of employers are outsourcing their benefits administration, often to add much-needed technical, service, and regulatory expertise and capacity to their teams. Don't let these common myths and misconceptions limit your search for an experienced, capable, and innovative benefits administration provider.

With the right partner and solutions in place, you and your team can deliver a better benefits experience to your employees, gain valuable insights, lower costs, and meet your goals and responsibilities with *no compromises*.

References

1. "The Guardian Workplace Benefits Study: 4th Annual – Benefits Balancing Act." The Guardian Life Insurance Company of America, New York, NY. Spring 2016. <https://www.guardiananytime.com/gafd/wps/portal/fdhome/insights-perspectives/emerging-trends/benefits-strategies-balancing-act-study>

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About Empyrean

Empyrean Benefit Solutions is one of the fastest-growing providers of technology and services for managing employee health and welfare benefits programs. Empyrean provides enrollment, eligibility management, ACA reporting, and other plan administration services to employers, insurance brokers, and healthcare exchanges. Unlike other providers, Empyrean combines the industry's most client-adaptive and configurable benefits technology platform with expert, responsive service to deliver Hi-Touch benefits administration.

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